

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Benton Township	County Eaton
Audit Date 6/30/04	Opinion Date 12/21/04	Date Accountant Report Submitted to State: 1/26/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

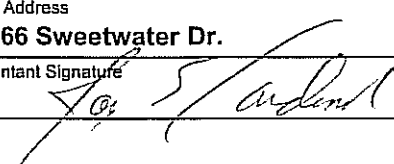
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Cardinal Tepatti & Co., P.C.			
Street Address 11966 Sweetwater Dr.		City Grand Ledge	State MI
Accountant Signature 		ZIP 48837	Date 1/26/05

BENTON TOWNSHIP

EATON COUNTY

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2004

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CARDINAL TEPATTI & Co. P.C.

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INDEPENDENT AUDITOR'S REPORT

Honorable Board Members
Benton Township
Pottersville, MI 48876

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Benton Township, Pottersville, Michigan, as of and for the year ended June 30, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Benton Township, management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Benton Township, Pottersville, Michigan, as of June 30, 2004, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, as of June 30, 2004.

Randall L. Tepatti, ¹*Registered Representative*

Securities offered through H.D. Vest Investment SecuritiesSM, Inc., Member SIPC. Advisory Services offered through H. D. Vest
Advisory ServicesSM, Non-bank subsidiaries of Wells, Fargo & Company
6333 North State Highway 161, Suite 400, Irving, Texas 75038 (972) 670-6000

Board of Directors
Benton Township

The management's discussion and analysis and budgetary comparison information on pages 3 through 4 and 21 through 23, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the Benton Township, Potterville, Michigan, basic financial statements. The introductory section and schedule of indebtedness are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and schedule of indebtedness have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Carroll Tegre & Co. P.C.

Grand Ledge, Michigan
December 21, 2004

BENTON TOWNSHIP
Managements Discussion and Analysis

Using This Annual Report

This annual report consists of a series of Financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

In a condensed format, the table below shows net assets as of the fiscal year end:

	<u>Governmental Activities</u>
	<u>6-30-04</u>
Current Assets	\$ 683,543
Capital Assets	<u>405,561</u>
Total Assets	<u>\$1,089,104</u>
Other Liabilities	<u>\$ 23,647</u>
Total Liabilities	<u>\$ 23,647</u>
Net Assets	
Invested in Capital Assets-Net of Debt	\$ 405,561
Unrestricted	<u>659,896</u>
Total Net Assets	<u>\$1,065,457</u>

A comparative analysis will be provided in future years when prior year information is available.

BENTON TOWNSHIP
Managements Discussion and Analysis

The following table shows the changes of the net assets:

	<u>Governmental Activities</u> <u>6-30-04</u>
Program Revenues	
Charges for Services	\$ 2,930
General Revenues	
Property Taxes	97,023
State-Shared Revenues	190,895
Unrestricted Investment Earnings	9,158
Miscellaneous	<u>10,169</u>
Total Revenues	<u>\$310,175</u>
Program Expenses	
General Government	\$159,445
Public Safety	4,070
Public Works	53,601
Recreation and Culture	<u>\$ 25,468</u>
Total Expenses	<u>\$242,584</u>
Change in Net Assets	<u>\$ 67,591</u>

A comparative analysis will be provided in future years when prior year information is available.

BENTON TOWNSHIP
STATEMENT OF NET ASSETS
JUNE 30, 2004

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 224,553
Investments - Certificates of Deposit	425,161
Receivable from State	31,407
Prepaid Insurance	2,422
Capital Assets - Net	<u>405,561</u>
 Total Assets	 \$ <u>1,089,104</u>
 LIABILITIES	
Accounts Payable	\$ 17,854
Accrued Expenses	<u>5,793</u>
 Total Liabilities	 \$ <u>23,647</u>
 NET ASSETS (DEFICIT)	
Invested in Capital Assets	\$ 405,561
Unrestricted	<u>659,896</u>
 Total Net Assets	 \$ <u><u>1,065,457</u></u>

The notes are an integral part of the statements.

BENTON TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions
Governmental Activities:				
General Government	\$ 140,213	\$ 2,930	\$	\$ (137,283)
Public Safety	53,601			(53,601)
Public Works	25,468			(25,468)
Cultural and Recreation	4,070			(4,070)
Total Governmental Activities	\$ 223,352	\$ 2,930	\$ -0-	\$ (220,422)
General Revenues:				
Property Taxes				96,990
State Shared Revenue				190,895
Interest Income				9,158
Miscellaneous				10,169
Total General Revenue				\$ 307,212
Change in Net Assets				\$ 86,790
Net Assets (Deficit) - Beginning of Year				978,667
Net Assets (Deficit) - End of Year				\$ 1,065,457

The notes are an integral part of the statements.

BENTON TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004

	General Fund
	<hr/>
ASSETS	
Cash	\$ 224,553
Investments - Certificates of Deposit	425,161
Receivable from State	31,407
Due from Other Funds	<hr/> 8,380
Total Assets	\$ <hr/> <hr/> 689,501
 LIABILITIES AND FUND EQUITY	
Liabilities	
Accounts Payable	\$ 17,854
Accrued Expenses	<hr/> 5,793
Total Liabilities	\$ <hr/> 23,647
Fund Balance	
Fund Balance - Unreserved	<hr/> 665,854
Total Fund Balance	\$ <hr/> 665,854
 Total Liabilities and Fund Balance	 \$ <hr/> <hr/> 689,501

The notes to the financial statements are an integral part of this statement.

BENTON TOWNSHIP
GOVERNMENTAL FUNDS
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL
FUNDS TO STATEMENT OF NET ASSETS
June 30, 2004

Total fund balance -Total governmental funds	\$ 665,854
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the governmental fund financial statements.	513,826
Accumulated depreciation has not been included in the governmental fund financial statements.	(108,265)
Prepaid items are not available to pay current-period expenditures and, therefore, not reported in the funds.	2,422
Inter fund receivables (\$8,380) are eliminated on the statement of net assets.	<u>(8,380)</u>
Net assets of governmental activities	\$ <u><u>1,065,457</u></u>

The Notes to Financial Statements are an integral part of this statement.

BENTON TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	General Fund
REVENUES	
Taxes	\$ 96,990
Licenses and Permits	5,844
State Grants	190,895
Charges for Services	1,950
Interest and Rentals	9,158
Other Revenue	5,305
	<hr/>
Total Revenues	\$ 310,142
	<hr/>
EXPENDITURES	
Current:	
Legislative	\$ 6,448
General Government	121,915
Public Safety	53,601
Public Works	25,468
Cultural and Recreation	4,070
Other	15,310
	<hr/>
Total Expenditures	\$ 226,812
	<hr/>
Excess of Revenues Over (Under)	
Expenditures	\$ 83,330
	<hr/>
Fund Balance - July 1	559,465
	<hr/>
Prior Period Adjustment - Note 8	23,059
	<hr/>
Fund Balance - June 30	\$ 665,854
	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement.

BENTON TOWNSHIP
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

Net Change in Fund Balance - Total Governmental Funds	\$ 83,330
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation.

Capital asset purchases capitalized	19,232
Depreciation expense	(16,102)

Prepaid items reduce expenses reported in the statement of activities, but are reported as expenditures in the governmental funds because they require the use of current financial resources.

330

Change in Net Assets of Governmental Activities	\$ <u><u>86,790</u></u>
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The Notes to Financial Statements are an integral part of this statement.

BENTON TOWNSHIP
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2004

	<u>Trust Fund</u> Cemetery Perpetual Care	<u>Agency Fund</u> Current Tax Collection
ASSETS		
Cash and Cash Equivalents	\$ 31,495	\$ 900
Total Assets	<u>\$ 31,495</u>	<u>\$ 900</u>
LIABILITIES		
Due to Other Governmental Units	\$	\$ 900
Total Liabilities	<u>\$ -0-</u>	<u>\$ 900</u>
NET ASSETS		
Held in Trust for Cemetery Care	<u>\$ 31,495</u>	

The Notes to Financial Statements are an integral part of this statement.

BENTON TOWNSHIP
STATEMENT OF CHANGE IN NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Trust Fund Cemetery Perpetual Care</u>
ADDITIONS	
Contributions:	
Cemetery Lot Sales	\$ <u>2,960</u>
Total Contributions	\$ <u>2,960</u>
Investment Income:	
Interest	\$ <u>136</u>
Net Investment Income	\$ <u>136</u>
Total Additions	\$ <u>3,096</u>
Change in Net Assets	
Net Assets - July 1, 2003	<u>28,399</u>
Net Assets - June 30, 2004	\$ <u><u>31,495</u></u>

The Notes to Financial Statements are an integral part of this statement.

BENTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Benton Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant policies used by Benton Township:

The Reporting Entity

Benton Township is governed by an elected five-member board. The accompanying financial statements, present only the funds and account groups of the Township. The Township has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Township. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. On this basis the financial statements of certain other governmental organizations listed below are not include in the financial statements of the Township.

This report does not include the financial statements of Potterville-Benton Township Fire Department and the Benton Township-Potterville District Library because of joint control and funding with the City of Potterville.

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Township as a whole excluding fiduciary activities. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, generally financed in whole or in part with fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the later are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

BENTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

Fund Financial Statements

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental activities. These statements present each major fund as a separate column on the fund financial statements.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current resources. The Township has presented the following major governmental funds:

General Fund - The general fund is the Township's primary operation fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the Township reports the following fund type:

Fiduciary Funds - These funds are used to account for assets held in trust or as an agent for others. The Current Tax Collection Fund and Cemetery Perpetual Care Fund are the Township's only fiduciary funds.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgements are recorded only when payment is due.

BENTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

Private-sector standard of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with standards of the Governmental Accounting Standards Board.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Bank Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity date within three months or less when acquired.

Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

BENTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Office Equipment	5 to 10 years
Computer Equipment	3 to 7 years

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Accounting Change

Effective July 1, 2003, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments (GASB No. 34). Changes to the Township's financial statements as a result of GASB No. 34 are as follows: A Management's Discussion and Analysis (MD&A) section providing analysis of the Township's overall financial position and results of operations has been included. Entity-wide financial statements (statement of net assets and statement of activities) prepared using full accrual accounting for all of the Township's activities have been provided.

BENTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

Property Taxes

The Township property tax is levied on each December 1, on the State taxable valuation of property located in the Township as of the preceding December 31st.

Although the Township 2003 ad valorem tax is levied and collectible on December 31, 2003 it is the Township's policy to recognize revenue from this year's tax levy.

The 2003 State Equalized Valuation of the Township totaled \$90,532,800 and the State Taxable Valuation was \$68,356,700 on which ad valorem taxes levied consisted of .9341 mills and raising \$63,852 for Township operations. This amount is recognized in the General Fund financial statements as taxes receivable - current or as tax revenue.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Policies

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and State Law for the General Fund. All annual appropriations lapse at fiscal year end. Encumbrances are not employed.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the activity level. Expenditures in excess of amounts budgeted are a violation of Michigan Law. State law permits entities to amend their budgets during the year. There were no significant amendments during the year.

Excess of Expenditures Over Appropriations in Budgeted Funds - The Township did not have significant expenditure budget variances.

Fund Deficits - The Township had no accumulated fund balance deficits.

NOTE 3 - CASH

Michigan Compiled Laws, section 129.91, authorizes the Township to make deposits and invest in the accounts of the federally insured banks, credit unions, and savings and loan associations which have offices in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

BENTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - CASH - CON'T

The Township Board has designated six banks for deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 197 has authorized investments in bank accounts and CDs, but not the remainder of State statutory Township as listed above.

The Township's deposits and investment policy are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Townships cash deposits are as follows:

<u>Deposits</u>	<u>Carrying Amounts</u>
Insured (FDIC)	\$ 200,000
Uninsured and uncollateralized	<u>24,553</u>
Total	<u>\$ 224,553</u>

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Township or its agent in the Township's name;
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name; and
3. Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name.

The Township's investments are certificates of deposit totaling \$425,161 which were classified by risk level as Category 1.

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due To/From Other Funds		
General Fund	Current Tax Collection	<u>\$ 8,380</u>

BENTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSETS

Capital asset activity of the Township for the current year was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 34,452	\$	\$	\$ 34,452
Subtotal	\$ 34,452	\$	\$ -0-	\$ 34,452
Capital Assets Being Depreciated				
Buildings	\$369,166	\$19,232	\$	\$388,398
Improvements Other Than Buildings	44,104			44,104
Machinery and Equipment	46,872			46,872
Subtotal	\$460,142	\$19,232	\$ -0-	\$479,374
Less Accumulated Depreciation for				
Buildings	\$ 53,067	\$ 9,710	\$	\$ 62,777
Improvements Other Than Buildings	7,261	2,940		10,201
Machinery and Equipment	31,835	3,452		35,287
Subtotal	\$ 92,163	\$16,102	\$ -0-	\$108,265
Net Capital Assets Being Depreciated	\$367,979	\$ 3,130	\$ -0-	\$371,109
Governmental Activities Capital Total				
Capital Assets-Net of Depreciation	\$402,431	\$ 3,130	\$ -0	\$405,561

Depreciation expense totaling \$16,102 was charges to the general government program in the statement of activities.

NOTE 6 - EMPLOYEE'S RETIREMENT SYSTEM - DEFINED CONTRIBUTION

On April 1, 1993, the Township started a defined contribution pension plan covering substantially all employees who choose to belong to the plan. This benefit is an insurance-type plan administered by plan trustees, "Benton Township Money Purchase Pension Plan", under provisions of Section 401(a) of the Internal Revenue Code.

A defined contribution pension plan provides pension benefits in a return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participants account, the returns earned on the investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account. The plan requires the employer to contribute 12.4% of the participating employee's gross wages, with immediate vesting.

BENTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - EMPLOYEE'S RETIREMENT SYSTEM - DEFINED CONTRIBUTION - CONT'D

During the year, the Township's actual contributions amounted to \$7,492. The plan is funded through the Traveler's Insurance Company and had the following activity during the fiscal year ended June 30, 2004.

Balance - July 1, 2003	\$63,268
Contributions	7,492
Withdrawals	-0-
Gains (Losses) on Investments	2,637
Balance - June 30, 2004	<u>\$73,397</u>

NOTE 7 - RISK FINANCING

The Township is exposed to various risks of loss related to theft of, damage to, and distribution of assets; errors and omissions; and injuries to employees. The Township purchases insurance from independent third parties for claims relating to general liability, excess liability, auto liability, errors and omissions, physical damage (equipment, building and contents) and workers' compensation. Settlement amounts have not exceeded insurance coverage for the current or three prior years.

NOTE 8 - PRIOR PERIOD ADJUSTMENT

The statement of revenues, expenditures and changes in fund balance was amended to show account receivables and accrued liabilities that are available and to be paid out of current resources. The following items comprise the prior period adjustment.

State Shared Revenues	\$28,610
Accrued Expenses	<u>(5,551)</u>
Total	<u>\$23,059</u>

BENTON TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
REVENUES				
Taxes:				
Current Taxes	\$ 70,100	\$ 70,100	\$ 69,051	\$ (1,049)
Delinquent Taxes	2,000	2,000	3,572	1,572
Trailer Taxes	400	400	319	(81)
Administrative Fee	23,700	23,700	24,048	348
	<u>\$ 96,200</u>	<u>\$ 96,200</u>	<u>\$ 96,990</u>	<u>\$ 790</u>
Licenses and Permits:				
Cable TV Franchise Fees	5,700	5,700	5,844	144
State Grants:				
State Shared Revenue	200,410	200,410	190,895	(9,515)
Charges for Services:				
Burial Fees	3,000	3,000	1,950	(1,050)
Interest and Rentals	6,000	6,000	9,158	3,158
Other Revenue	<u>3,820</u>	<u>3,820</u>	<u>5,305</u>	<u>1,485</u>
Total Revenues	<u>\$ 315,130</u>	<u>\$ 315,130</u>	<u>\$ 310,142</u>	<u>\$ (4,988)</u>
EXPENDITURES:				
Current:				
Legislative:				
Township Board:				
Salaries	\$ 5,000	\$ 6,200	\$ 5,841	\$ 359
Travel	500	500	242	258
Conferences & Workshops	1,000	800	365	435
Miscellaneous	1,000	-0-	-0-	0
	<u>\$ 7,500</u>	<u>\$ 7,500</u>	<u>\$ 6,448</u>	<u>\$ 1,052</u>
General Government:				
Supervisor's Office:				
Salaries	\$ 20,340	\$ 20,340	\$ 20,710	\$ (370)
Travel	500	500	297	203
Office Expense	700	700	588	112
Conferences & Workshops	1,150	1,150	320	830
	<u>\$ 22,690</u>	<u>\$ 22,690</u>	<u>\$ 21,915</u>	<u>\$ 775</u>
Elections:				
Salaries	\$ 500	\$ 500	\$ -0-	\$ 500
Supplies	500	500	201	299
	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 201</u>	<u>\$ 799</u>

The notes to the financial statements are an integral part of this statement.

BENTON TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
Clerk's Office:				
Salaries	\$ 18,440	\$ 18,440	\$ 17,495	\$ 945
Office Expense	1,000	1,000	276	724
Travel	500	500	266	234
Printing and Publications	2,000	2,000	882	1,118
Conferences & Workshops	1,000	1,000	250	750
Professional Services	8,500	8,500	4,471	4,029
Telephone	1,500	1,500	1,421	79
Warrenties-Contractx	5,000	5,000	2,040	2,960
Dues and Subscriptions	3,700	3,700	2,251	1,449
	<u>\$ 41,640</u>	<u>\$ 41,640</u>	<u>\$ 29,352</u>	<u>\$ 12,288</u>
Board of Review:				
Salaries	\$ 450	\$ 450	\$ 248	\$ 202
Office Expense	200	200	-0-	200
	<u>\$ 650</u>	<u>\$ 650</u>	<u>\$ 248</u>	<u>\$ 402</u>
Treasurer's Office:				
Salaries	\$ 17,440	\$ 17,540	\$ 17,585	\$ -0-
Office Expense	1,000	1,000	961	39
Travel	500	500	195	305
Conferences & Workshops	1,000	900	175	725
	<u>\$ 19,940</u>	<u>\$ 19,940</u>	<u>\$ 18,916</u>	<u>\$ 1,069</u>
Township Hall:				
Repair & Maintenance	\$ 12,500	\$ 12,500	\$ 8,212	\$ 4,288
Supplies	2,500	2,500	2,159	341
Utilities	4,500	4,500	3,624	876
Capital Outlay	27,000	27,000	-0-	27,000
	<u>\$ 46,500</u>	<u>\$ 46,500</u>	<u>\$ 13,995</u>	<u>\$ 32,505</u>
Cemetery:				
Sexton	\$ 3,000	\$ 3,000	\$ 1,625	\$ 1,375
Lawn Care	10,500	10,500	9,984	516
Equipment & Maint.	3,500	3,500	2,178	1,322
Utilities	300	300	212	88
Capital Outlay	12,000	27,000	23,289	3,711
	<u>\$ 29,300</u>	<u>\$ 44,300</u>	<u>\$ 37,288</u>	<u>\$ 7,012</u>
Total General Government	<u>\$ 161,720</u>	<u>\$ 176,720</u>	<u>\$ 121,915</u>	<u>\$ 54,805</u>

The notes to the financial statements are an integral part of this statement.

BENTON TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
Public Safety:				
Fire Protection	\$ 49,752	\$ 52,697	\$ 52,697	\$ -0-
Planning Commission	3,800	3,800	904	2,896
	<u>\$ 53,552</u>	<u>\$ 56,497</u>	<u>\$ 53,601</u>	<u>\$ 2,896</u>
 Public Works:				
Drain at large	\$ 3,500	\$ 3,500	\$ 1,290	\$ 2,210
Hwys., Streets & Bridges:				
Chloride for Roads	17,000	17,600	16,511	1,089
Road Improvements	20,000	19,400	7,667	11,733
	<u>\$ 40,500</u>	<u>\$ 40,500</u>	<u>\$ 25,468</u>	<u>\$ 15,032</u>
 Cultural and Recreation:				
Recreation and Parks Department	\$ 5,000	\$ 5,000	\$ 4,070	\$ 930
	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 4,070</u>	<u>\$ 930</u>
 Other:				
Retirement	\$ 8,000	\$ 8,000	\$ 7,579	\$ 421
Social Security	1,250	1,250	1,043	207
Insurance	6,500	6,600	6,563	37
Miscellaneous	31,108	13,063	125	12,938
	<u>\$ 46,858</u>	<u>\$ 28,913</u>	<u>\$ 15,310</u>	<u>\$ 13,603</u>
 Total Expenditures	<u>\$ 315,130</u>	<u>\$ 315,130</u>	<u>\$ 226,812</u>	<u>\$ 88,318</u>
 Excess of Revenues Over (Under) Expenditures	 \$ -0-	 \$ -0-	 \$ 83,330	 \$ 83,330
 Fund Balance - July 1, 2003	 559,465	 559,465	 559,465	 -0-
 Prior Period Adjustment - Note 8	 <u> </u>	 <u> </u>	 <u>23,059</u>	 <u>23,059</u>
 Fund Balance - June 30, 2004	 <u>\$ 559,465</u>	 <u>\$ 559,465</u>	 <u>\$ 665,854</u>	 <u>\$ 106,389</u>

The notes to the financial statements are an integral part of this statement.